

INTERNATIONAL SECURITY UPDATE**July 2 - 9, 2014**

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1. [State's Nuland on Russia and Developments in Ukraine](#) (07-09-2014)

Written Testimony of Victoria Nuland, Assistant Secretary, Bureau of European and Eurasian Affairs, Senate Committee on Foreign Relations, Hearing on Russia and Developments in Ukraine

Chairman Menendez, Ranking Member Corker and members of this committee—thank you for the opportunity to speak to you today on the situation in Ukraine and for your personal investment in the country's future. As many of you know from your travels, Ukrainians deeply appreciate this committee's bipartisan engagement on behalf of their country's security, democracy and sovereignty.

In previous testimony before this committee, I have outlined four pillars of U.S. policy: support for Ukraine as it tackles urgent political, economic and security challenges; diplomatic efforts to de-escalate the crisis and to encourage Russia to end support for separatists; readiness to impose further costs—including targeted sectoral sanctions—on Russia and separatists for fomenting violence and unrest in Ukraine; and reassurance of frontline NATO allies and friends like Georgia and Moldova. Today, I will focus on the first two lines of effort. A/S Chollet will talk about our security support for Ukraine and our NATO and partner reassurance measures. A/S Glaser will discuss sanctions policy.

Since I last appeared before you, voters from across Ukraine took to the polls on May 25 and elected President Poroshenko with 54.7 percent of the vote. Just weeks and days earlier, many

doubted the elections would take place, let alone result in such a strong democratic mandate for change. It was the determination and courage of millions of Ukrainians to choose their own future that made free, fair elections possible, along with the steadfast support of the international community, including intensive electoral monitoring. In the weeks since, President Poroshenko has launched a 15-point peace plan, reached out to the east with offers of dialogue and reconciliation, and signed the final economic chapters of Ukraine's historic Association Agreement/Deep and Comprehensive Free Trade Area with the European Union. But Ukraine's security remains under threat: despite regaining control of Slovyansk and Kramatorsk, fierce fighting continues to rage in parts of eastern Ukraine; heavy weapons, materiel and support have flown across the Russian border; Russia has thousands troops deployed on Ukraine's eastern border, and Crimea remains under occupation.

Against this backdrop, the United States is supporting Ukraine in its hour of need. We have stepped up our security assistance, which A/S Chollet will discuss. However, the most lasting antidote to separatism and outside interference over the medium term is for Ukraine to succeed as a democratic, free market state, and to beat the back the corruption, dependence and external pressure that have thwarted Ukrainians' aspirations for decades. Since the onset of the crisis, with your support, we have provided Ukraine with a \$1 billion loan guarantee specifically targeted to soften the impact of economic reforms on the country's most vulnerable. We are also providing approximately \$196 million in other assistance to Ukraine this year. Of this, we have already authorized nearly \$75 million in support for economic reforms and anti-corruption measures; non-partisan electoral assistance including the OSCE's special monitoring mission and other election observers; non-lethal security assistance; and humanitarian aid for Ukrainians internally displaced from Crimea or the East.

We are now working with President Poroshenko, Prime Minister Yatsenyuk and their team to direct \$59 million to efforts in four target areas: support for economic growth and reform; counter corruption; energy diversification and efficiency; and constitutional reform and national unity. We will send up a congressional notification very shortly, but let me share some highlights.

In the area of economic reform and growth, we will complement World Bank and IMF-led fiscal and financial sector reforms with programs to strengthen the banking sector; to make the business climate more competitive and attractive to investors, including in the agriculture sector; and to help Ukraine diversify its export markets. We are also looking at how we can support President Poroshenko's plan for economic revitalization of the country's east and south.

Our anti-corruption support will help the government implement its recently announced three-year anti-corruption strategy and six-month action plan by bolstering Ukraine's ability to deter, detect, investigate and prosecute corruption wherever it festers; and by supporting citizens, civil society, media, business and the government as they work together to confront this scourge.

U.S. support in the energy area will include expertise and advice to the government as it seeks to restructure and reform the sector, and deploy new technologies to increase energy yields and promote efficiency. And we will assist Ukraine in developing national plans for sustainable use and management of natural resources.

And we will help the government with the constitutional reform and broad decentralization of power that President Poroshenko has pledged as an integral part of his peace plan and his effort to rebuild national unity. This will include support and advice at the federal, regional and local level to implement political reform and decentralization, and support for free and fair parliamentary elections when they are called.

As we support Ukraine economically, we have also worked in lock-step with the Ukrainian government and our European allies and partners to try to de-escalate tensions with Russia and Russian-backed separatists. In successive settings, from Secretary Kerry's bilateral meetings with Russian Foreign Minister Lavrov in March to the April 17th Geneva Joint Statement of U.S.-Ukrainian-Russian and EU foreign ministers to the June 5th G7 declaration, we have supported the Ukrainian government's offers to address the legitimate concerns of eastern Ukrainians and Russian speakers by political means, and to offer an off-ramp to separatists and their Russian backers. These efforts culminated in President Poroshenko's peace plan, which offers amnesty to separatists who lay down their arms, political dialogue, broad decentralization of power to Ukraine's regions and localities – including over finances, language and culture-- and local elections -- in short, virtually all the things that the separatists and Moscow had demanded for months. President Poroshenko also initiated a ten-day unilateral ceasefire from June 20-30th to provide the space for dialogue with the separatists. But as you know, the ceasefire was instead met with 10 days of violence, bloodshed and land grabs by Russian-backed separatists. Three Ukrainian border posts fell into their hands during this period. Russia allowed tanks, heavy artillery and fighters to flow across the border, and continued to build up its forces and weapons on Ukraine's border.

On June 27th, EU leaders again called on Russia to end all support for separatists; to control the border; to help establish an effective OSCE monitoring regime; and use its influence with separatists to return the three border checkpoints to Ukrainian authorities, release the hostages they hold and launch substantial negotiations on the implementation of President Poroshenko's peace plan. These are the same criteria that the U.S. will continue to use to measure Russia's willingness to de-escalate tensions in Ukraine. As the President has said, we will judge Russia by its actions, not its words. Russia has made too many commitments at the diplomatic table over the past four months that have been rendered hollow by the weapons, cash and fighters that continue to flow across the border to fuel the fight in eastern Ukraine. In response, the U.S. and Europe have imposed repeated rounds of sanctions to increase the cost Russia pays for its choices. And we are ready to impose more costs – including targeted sector-specific sanctions -- very soon if Russia does not decisively change course and break its ties with separatists.

As Russia's economy teeters on the brink of recession in part from the cost of its actions in Ukraine and the impact of the U.S. and international response as noted in last week's IMF report, Russians need to ask themselves what their government's policy has really delivered for them or the people of Ukraine except economic hardship, violence, kidnapping, and death. In Crimea, inflation has risen to 16.8 percent, tourism down 35 percent, and exports are plummeting. In Donetsk and Luhansk, separatists have engaged in looting and bank robbery, prevented the payment of pensions and wages, and held much of the civilian population hostage in their homes. Now that separatists are on the run, their tactics have become even more brutal as they set up landmines and roadside bombs and destroy bridges and other critical infrastructure.

Today, in Sloviansk, Kramatorsk and the surrounding towns that Ukrainian forces have recently taken back from separatists' control, the government is focused on delivering humanitarian aid, water, food and supplies and reestablishing services from railway service to pension payments. They are working to restore Ukrainian citizens' faith in their democracy, their government and its ability to serve people who have been abused for too long.

Ukraine's success or failure in its struggle for peace, reconciliation and human dignity will impact the future of the whole region, and with it, the prospect of achieving America's 20-year objective of a Europe whole, free and at peace. We therefore continue to have a profound national interest in

supporting the people of Ukraine in their quest for a more stable, democratic and prosperous future. In this effort, we deeply appreciate Congress' bipartisan attention and support.

Thank you and I look forward to your questions.

2. DoD Official Expresses Concern over Russian Intentions (07-09-2014)

By Nick Simeone
DoD News, Defense Media Activity

WASHINGTON, July 9, 2014 – Days after the Ukrainian government abandoned a ceasefire and began an offensive against pro-Russian forces in the country's east, a senior Defense Department official said today that the United States is concerned Russian troops may be preparing a counteroffensive in support of Moscow's separatist allies.

"I think we have to really expect the worst in terms of a Russian response, and that's why we're watching it so closely," Derek Chollet, assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee. "It's a very dangerous situation."

The Ukrainian military has forced Russian-backed separatists to retreat in some areas, has surrounded others, and is warning it is prepared to force insurgents out of additional towns in the region, where since March separatists have been battling Ukrainian troops with what the U.S. and its European allies say is clear support and, at times, intervention from Moscow.

Chollet testified that Russia remains heavily active in destabilizing Ukraine's east, despite having pulled back troops who were massed along the border area.

"Russian irregular forces and Russian-backed local separatists remain active inside eastern Ukraine, and both are supported by Russian financing," Chollet said. He credited Western sanctions with changing "President Vladimir Putin's calculation on how much support he would be willing to give and how deep he would get into this," but he warned that Russia's support for re-establishing a ceasefire may not last.

"I think we have to be very mindful of what the Russian response could be," he said.

Last month, Air Force Gen. Philip M. Breedlove, NATO's supreme allied commander for Europe and commander of U.S. European Command, said Russia's aggressive actions in Ukraine had brought Europe to the most decisive point since the end of the Cold War and that additional rotational forces could be needed on the continent to sustain security.

Today, Chollet said Ukraine's leaders have made clear they want U.S. help on security and that the United States continues to work with President Petro Poroshenko, who met with President Barack Obama last month. Obama has approved \$33 million in security assistance to the government in Kiev, steps that are being enhanced, Chollet said, by visits from U.S. military advisors to the country.

"We are discussing additional steps to help train and professionalize Ukraine's military," he said, adding that the Defense Department will work with Ukraine on reforming, and in some cases rebuilding, its defense institutions.

Biographies:
[Derek Chollet](#)

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3. Obama's Statement to the U.S.-China Strategic and Economic Dialogue (07-08-2014)

Statement by the President to the U.S.-China Strategic and Economic Dialogue

It is an honor to greet the American and Chinese delegations to the sixth round of the United States-China Strategic and Economic Dialogue (S&ED). I want to thank President Xi, Vice Premier Wang, State Councilor Yang, and the entire Chinese delegation for hosting this year's S&ED and for their warm reception of the American delegation.

This year marks a special milestone in the U.S.-China relationship—it is the 35th anniversary of the establishment of diplomatic ties between our two great nations. Today, instead of living detached from each other as we did 35 years ago, the United States and China embrace the benefits of strengthening ties and acknowledge the growing interdependence of our economic destinies. This anniversary provides an opportunity to take stock of the deepening exchanges between our two peoples, the range of cooperation between our two countries on shared security and economic challenges, and dealing forthrightly with our differences. It is also an opportunity for the United States and China to reaffirm our commitment to working jointly to build a positive, more secure, and prosperous future for all our citizens.

As the premier mechanism for dialogue between the United States and China, the S&ED offers us a chance annually to exchange views on a diverse range of bilateral, regional, and global challenges critical to both our countries. Building on the accomplishments of the previous five rounds of the S&ED, this year's dialogue promises to further advance our cooperative efforts to identify solutions to problems that no country can address on its own. Our efforts to promote economic prosperity, cooperation in Asia, energy security, and security in cyberspace, including at the G-20, APEC, and the Nuclear Security Summit, have a significant and positive impact for our citizens and for the broader international community.

The United States welcomes the emergence of a stable, peaceful, and prosperous China. We are committed to the shared goal of developing over time a “new model” of relations with China defined by increased practical cooperation and constructive management of differences. We should use the S&ED to demonstrate to the world that—even in a relationship as complex as ours—we remain determined to ensure that cooperation defines the overall relationship.

President Xi and I have worked hard, including in meetings at Sunnylands, St. Petersburg, and The Hague, and in communications between meetings, to make sure that our relationship is stable, resilient, and delivering results for our peoples.

We have significantly enhanced our cooperation on climate change in the past year, including through our commitment to phase down hydrofluorocarbons, the launch of five initiatives under the U.S.-China Climate Change Working Group, and our policy dialogue on the international climate negotiations. Over the past year we also found new ways to collaborate on shared energy security

and sustainability interests, ranging from advancing the safe development of shale gas and renewable technologies to initiating a G-20 fossil fuel subsidy peer review and enhancing our ability to respond to oil market emergencies. On regional security issues, we are working to realize an international solution to Iran's nuclear program, just as we are working together to achieve the denuclearization of the Korean Peninsula and to bolster political stability and economic revitalization in Afghanistan. And on economic issues, we are working to establish a level, competitive playing field for our firms that is based on internationally agreed upon rules of the road on trade, investment, intellectual property, and cybersecurity. I look forward to addressing all of these issues with President Xi when I visit Beijing for APEC in November. That trip will be my second visit to China, and I can think of no better time to advance our relationship than when we are celebrating our 35th anniversary.

The United States and China will not always see eye-to-eye on every issue. That is to be expected for two nations with different histories and cultures. It also is why we need to build our relationship around common challenges, mutual responsibilities, and shared interests, even while we candidly address our differences. From my meetings with President Xi, to the S&ED meetings you will be holding over the next two days, to the growing number of student exchanges supported by organizations like the 100,000 Strong Foundation, all of these interactions underscore the promise of a resilient and cooperative United States-China relationship.

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[Kerry in Beijing at Session on Bilateral Cooperation, Security](#)

4. State Dept. on Preliminary Afghan Election Results (07-07-2014)

Statement by Jen Psaki, Spokesperson: Afghan Elections Preliminary Run Off Results

The United States reaffirms its support for a sovereign, unified, and democratic Afghanistan and for the Afghan election process. We have seen today's announcement of preliminary results and note that these figures are not final or authoritative and may not predict the final outcome, which could still change based on the findings of the Afghan electoral bodies. Serious allegations of fraud have been raised and have yet to be adequately investigated.

We note that the United Nations, invited by President Karzai and both candidates to facilitate the process, has proposed a series of additional audits of suspect ballots, and that other measures have been under discussion. As the Independent Election Commission (IEC) statement noted, four additional measures have been accepted by both camps. Those measures affect more than 7000 ballot boxes, and potentially more than 3 million ballots. It is essential that the IEC work with the Independent Electoral Complaints Commission and the United Nations to execute the UN proposed audits and to answer all the legitimate questions raised by the two campaigns and independent observers.

A full and thorough review of all reasonable allegations of irregularities is essential to ensure that the Afghan people have confidence in the integrity of the electoral process and that the new Afghan President is broadly accepted inside and outside Afghanistan. It is the two electoral Commissions'

responsibility to address all credible allegations of fraud. They must implement a thorough audit whether or not the two campaigns agree.

We call upon both campaigns and their supporters to cooperate with these audits and to refrain from provocative statements or actions. As the Commission made clear, these results are not final and neither candidate should claim victory on the basis of this announcement. It is especially important that both campaigns send agents to observe the audit process. We believe that UN recommended audit process, provided it begins immediately, can be completed in time to allow the inauguration of the next President to proceed as scheduled on August 2.

The United States does not support any individual candidate. We have long stated our support for a credible, transparent, and inclusive process that is broadly supported by the Afghan people and produces a president who can bring Afghanistan together and govern effectively. We call on all sides to work toward this goal and to avoid steps that undermine national unity. The continued support of the United States for Afghanistan requires that Afghanistan remains united and that the result of this election is deemed credible.

5. Cape Ray Begins Neutralizing Syrian Chemical Materials (07-07-2014)

By Jim Garamone
DoD News, Defense Media Activity

WASHINGTON, July 7, 2014 – Teams aboard the MV Cape Ray have begun neutralizing Syrian chemical materials, a Pentagon spokesman said here today.

U.S. military and civilian specialists aboard the ship are neutralizing the chemical materials in international waters, Army Col. Steve Warren told reporters.

The ship left Gioia Tauro, Italy, with 600 tons of chemicals.

“The Cape Ray is tasked with neutralization of specific chemical material from Syria,” Warren said, noting that the teams are following United Nations and Organization for the Prohibition of Chemical Weapons guidelines.

If all goes well, he said, neutralization will take about 60 days. Weather could affect the process, he added.

The U.S. ship has two field-deployable hydrolysis systems in its holds. The systems mix the chemicals in a titanium reactor to render them inert.

“When neutralization is complete, Cape Ray will deliver the result effluent by-products to Finland and Germany for destruction ashore,” Warren said.

Italian officials loaded 78 containers of Syrian chemical materials aboard the Cape Ray on July 2. The Cape Ray teams will neutralize HD sulfur mustard gas and DF, a sarin gas precursor.

Related Sites:

[Cape Ray Arrives in Italy to Receive Syrian Chemicals Statement](#)

[Organization for the Prohibition of Chemical Weapons](#)

[Special Report: Cape Ray](#)

6. State Dept. Official on P5+1 Talks on Iran's Nuclear Program (07-04-2014)

*U.S. Department of State, Office of the Spokesperson, Washington, D.C., July 3, 2014
Background Briefing, Senior Administration Official on the P5+1/Iran Discussions*

MODERATOR: Thank you so much, and thank you to everyone for hopping on the phone today and being flexible with schedules. I have a feeling there will need to be a lot of that over these next three weeks, so I appreciate it.

We have today, who many of you know, [Senior Administration Official], who is – we are in Vienna working on the P5+1 negotiations. We started yesterday, had a number of meetings today, so I will turn it over to her in a moment to make some opening remarks, and then we'll take questions. This call is – there's no embargo on it, and it's all on background as a Senior Administration Official. No names, no titles, nothing like that – again, all on background. So with that, I will turn it over to our Senior Administration Official, and then we'll take questions.

SENIOR ADMINISTRATION OFFICIAL: Thank you, everybody, for being on the phone. We're at the beginning of a very intense three weeks as we approach the July 20th deadline. I'm sure this is just the first of a number of conversations we'll have during that time, and it will probably be a little frustrating for both of us since you will want to know lots of details and we won't be able to give them. But I'll do the best I can to give you some sense of what's going on.

So I want to talk – take a few minutes today to talk about where we are in the negotiations, what the process for the next three weeks will likely look like - at least as far as we can predict at this point -- and then I'm happy to take your questions.

I'm sure you all saw Secretary Kerry's op-ed in The Washington Post that outlined how we're looking at where we are in the negotiations right now. As he wrote, we have over the past several months proposed a series of reasonable, verifiable, and we believe easily achievable measures that would ensure Iran cannot obtain a nuclear weapon and that its program is limited to exclusively peaceful purposes, which are the objectives of this negotiation.

Iran's negotiators have been quite serious throughout this process. There does remain a significant discrepancy, however, between Iran's seeming intent with respect to its nuclear program and the actual content of that program to date. Iranian officials have stated repeatedly and unambiguously that they have no intention of building a nuclear weapon, which is not a hard proposition to prove. All we're asking is for Iran to commit to concrete and verifiable steps to show to the world what they've repeatedly said is indeed true.

As these discussions unfold, we have and will continue to put reasonable proposals on the table. Remember, there are a number of different combinations that can give the international community the assurances we need that Iran's program is for entirely peaceful purposes, and we are working very hard to find a combination that makes the most sense and helps us reach the objectives. Ultimately, it is Iran's decision about whether they're willing to give the international community the kind of assurances and verification to match what they say about the peaceful nature of their nuclear program.

Also keep in mind that this is not a negotiation about two parties meeting each other halfway. This is not a mediation. This is about the international community's need for Iran to meet its

international nonproliferation obligations after years of violations documented by the IAEA and the United Nations Security Council. All we are asking is that Iran take steps to come in line with its responsibilities after years of not doing so. We are offering Iran a path forward, in fact a different path forward. But its leaders must engage if they're going to avoid even more economic and diplomatic pressure, and most importantly, their leaders must continue to engage and find a solution to meet the objectives that Iran says it can easily achieve.

So let's turn to process for a few moments. Yesterday, we had coordination meetings and a trilateral meeting with Iran and the European Union. Today, we had our opening plenary session, more coordination meetings, and we had a long bilateral discussion with Iran as well as with China, with the E3 (that's the Europeans), and with Russia. In terms of the schedule going forward, each day is likely to look a little different, but it is likely to include some combination of plenaries where all the political directors are present, bilateral meetings with both Iran and each of our P5+1 partners, and in-depth expert sessions.

You will see people coming and going throughout these three weeks. For instance, this weekend, we will be focused largely on meetings among our experts who will be doing work focused in large part on building on the political director discussions that happened just in the – this week, so that will be yesterday afternoon, today, and tomorrow, and obviously also the discussions that High Representative Cathy Ashton, who leads this effort, has had with Minister Zarif.

We remain committed to the 20th as the deadline for these talks, and as the Secretary made clear in his op-ed, an extension is by no means automatic, as some have made it seem in the press. All parties have to agree to one. We believe there is still time to reach an agreement, and that is what we are focused on each and every day.

With that, I'm happy to take your questions.

MODERATOR: Great, thank you. Could the operator remind people again how to ask a question?

OPERATOR: Certainly, thank you very much. And ladies and gentlemen, as a reminder to queue up, you may press *1 at this time. You will hear a tone indicating you've been placed in queue and you may remove yourself from the queue at any time by pressing the pound key. So again, for your questions, you may press * and then 1 at this time.

MODERATOR: Great, thank you. The first question is from Andrea Mitchell of NBC.

QUESTION: Hi, thanks so much. Along the margins so far, have there been any further conversations with Iran, especially because the region is changing so rapidly and we find ourselves in a completely different context in Iraq and Syria? Thanks so much.

SENIOR ADMINISTRATION OFFICIAL: Sure. Andrea, we've been entirely focused on the nuclear negotiation. It is very intense. It demands everybody's full attention.

QUESTION: And I know that another senior official is traveling out. Is there a contemplation that there will be further talks?

SENIOR ADMINISTRATION OFFICIAL: I'm not sure whom you're referring to.

MODERATOR: Further talks on Iraq?

QUESTION: Well, further talks that relate to other issues with Iran besides the nuclear program.

SENIOR ADMINISTRATION OFFICIAL: If you're talking about Deputy Secretary Burns --

QUESTION: Yeah.

SENIOR ADMINISTRATION OFFICIAL: -- and Jake Sullivan, they are here with me. They have participated in nuclear discussions, and that's what they're here for.

QUESTION: Thank you.

MODERATOR: Thanks, Andrea. The next question is from Lou Charbonneau of Reuters.

QUESTION: Hi, thanks. I wanted to ask about your comment that there's a -- following on what Secretary Kerry said in his op-ed that there's significant discrepancy between what Iran says it wants to do and the content of its program. How significant is that discrepancy and -- I mean, is it realistic that you can bridge that gap in terms of agreeing on numbers over the next three weeks? And I just wanted to then re-ask the question about Iraq. I mean, is it inconceivable that over the next three weeks here that there will be side discussions about the situation in Iraq, should the situation there deteriorate further?

SENIOR ADMINISTRATION OFFICIAL: So -- oh, yes, the significant discrepancies -- the international community has been trying to resolve the international community's concerns about Iran's nuclear program for over a decade. As I've said to you all before, if it was easy to do so, we would have done so a long time ago. These are difficult decisions. Iran has to take difficult decisions. But there are pathways forward for them to give the international community confidence that their program's exclusively peaceful and that they will not acquire a nuclear weapon.

But there are, as we have been very forthright to say, still gaps. We have put very reasonable proposals on the table. I know you have all seen Minister Zarif's op-eds and even maybe his YouTube video where he says, "We are putting down maximalist positions." I'm not surprised he's saying that. But indeed the facts are that we are putting down very reasonable positions. In fact, we have tried to find a variety of paths forward because, as I said, this is about a package, not any one element. One can put together different packages of those elements to achieve the objectives that we've outlined that Iran not acquire a nuclear weapon and that its program is assuredly, exclusively peaceful.

I think that all of my colleagues in the P5+1, led by the High Representative, have been very thoughtful, very creative, very reasonable. And needless to say, that occurred in the past. It's been hard for Iran to take the necessary decisions. I hope, as Secretary Kerry said in his op-ed, that none of us miss this historic choice.

So I'm sorry -- on Iraq?

QUESTION: Yes.

SENIOR ADMINISTRATION OFFICIAL: The reason it's not in my mind is we are entirely focused on the nuclear negotiation. As I've said in the past, we all see each other in the hallways, we pass television sets, we see the news of the day whether it's the soccer match or something happening in the world. Someone may say something as they're passing through the hallways or on the margins of this meeting, but all of the work is focused on the nuclear negotiation.

MODERATOR: Great. Thanks, Lou. The next question is from Paul Richter of the LA Times.

QUESTION: Yes, I'd like to know, do you feel that you've made enough progress so far that if you don't make any further headway over the next couple of weeks, you could justify asking for an extension of the negotiations?

SENIOR ADMINISTRATION OFFICIAL: That's a very tough hypothetical question to answer. The best way we can answer it is we are all focused on trying to get to an agreement by July 20th and that is where all of our focus is. It's not impossible; it is difficult, very difficult. But part of the issue here, as I've said in the past, is nothing is agreed until everything is agreed. So even if one begins to see some of the elements where agreement can be reached 98 percent of the way there and the last 2 percent could be the telling 2 percent. So that's why it's very difficult to prognosticate where we're going and where we're going to be, to predict what is ahead.

What I can say for this day and a half so far is people have been working very intensely and there is still much difficult work ahead.

MODERATOR: Great. Thanks, Paul. The question is from David Ignatius of The Washington Post. Go ahead, David.

QUESTION: Thanks, [Senior Administration Official]. I'd like to ask about the issue of Arak. There were public statements and statements on background from both the U.S. and Iran over the last several months indicating that a compromise had been reached on that issue that would be acceptable to both sides that would result in reduced output of plutonium because of various technical changes in how the Arak reactor was fed.

More recently, there have been suggestions that that seeming compromise, that seeming achievement, was at risk because of some change in Iranian views. Could you clarify, to the extent you can, where the Arak issue stands?

SENIOR ADMINISTRATION OFFICIAL: David, I don't think it will shock you for me to tell you I'm not going to talk about any specific element. I think you saw Minister Salehi, who heads up their atomic energy agency, say that, in fact, they were open to modifications of Arak so that the concerns we have about the production of weapons-grade plutonium, of misuse, of safety, could be addressed. That is a welcome sign. But nothing is agreed until everything is agreed, and we continue to have work to do in every area.

QUESTION: So just to clarify that, I did see the Salehi comment – there's been nothing that has had the effect of withdrawing that public statement or modifying it that would alter the picture apart from –

SENIOR ADMINISTRATION OFFICIAL: I think you'll have to ask the Iranians that, David. I don't want to speak for them.

MODERATOR: Thanks, David. The next question is from Laura Rozen of Al-Monitor.

QUESTION: Thank you for doing this, Senior Administration Official. On the size of Iran's enrichment program, I had seen reports that there – this is one of the major gaps still to try to close. On Iran's argument that it should – it would like to be able to fuel its own power reactors in the future, are you saying that fundamentally that position would be Iran denying the international

concerns about the peaceful nature of its nuclear program because a very large enrichment capacity would give them potential quick breakout? That – yeah.

And then the other thing is on the 4th, the other question is, on the 4th of July, have you invited your Iranian counterparts to be part of any event or whatever celebrating the U.S. Independence?

SENIOR ADMINISTRATION OFFICIAL: On the last question, the painful part is that the embassies here – and there are three American embassies here in Vienna – while I am on the telephone with you all, they have all joined together and are having this evening – it's now 8 p.m. here – they are having their Independence Day celebration today so that some of their employees, though not as many as they'd like because we're all here, get to actually celebrate Independence Day. And we're all here on the phone with you, so you are our celebration. (Laughter.) And I don't think – I'm sure you would like to have the Iranians invited to this particular celebration, but right now it's just between you and me.

QUESTION: Okay.

SENIOR ADMINISTRATION OFFICIAL: So that's what we're doing for Independence Day, going to work tomorrow, because if I can wax eloquent for a moment, we fought for independence for a set of values and for security in the world and for the prosperity of our citizens and for the freedoms we want. And this negotiation is about enhancing the security of the world by taking the concerns the international community has off the table, if that's possible; hopefully, opening a door for Iran to enter back into the international community; and quite frankly, although it's not part of this negotiation, to then address the concerns that we constantly talk about in terms of counterterrorism, instability in the region, human rights, our American citizens who we want to see home for Independence Day and wish they were home tomorrow.

So we all, I'm sure, would rather be with our families on the 4th of July, but I think every member of this team, all of whom work very hard, and all of the people who support us and back us up at home are very dedicated to what they're doing and understand the significance, particularly on – during the 4th of July. And I only wish that the American citizens who are being currently held in Iran, about whom we have concerns, would all be home for this Independence Day.

In terms of the power reactors – as you recall, the Joint Plan of Action said that we would consider a limited enrichment program based on mutually defined parameters. And so we have said publicly that this would be a fraction of their current program, because it's their current program about which we have concerns.

So power reactors require industrial scale enrichment, and that certainly isn't anything that's under consideration. They don't have that now. They should have less than what they have now in terms of enrichment. What choices they make after they get to normal – that is, after a long duration of an agreement when they will be treated as any other non-nuclear weapons state under the NPT – will, of course, be their choice.

MODERATOR: Great, thanks. The next question is from Michael Adler of Breaking Defense.

QUESTION: Thank you for this session. I have a – my question is, when you speak of a discrepancy between what they're saying and what they're actually doing, could one take that to mean – perhaps crudely – that the Iranians are not yet showing that they are serious about this negotiation?

SENIOR ADMINISTRATION OFFICIAL: We believe we have put down very reasonable, very thoughtful pathways to resolve this program – more than one, quite frankly. The Iranians, I believe, are here in tremendous seriousness. I think they want to get to a resolution. I think they intend to get to a resolution, but there remain gaps between what they would hope for and what is needed by the international community to assure them that they are entirely a peaceful program.

So I think that they are serious, but they're also very tough negotiators. We are tough negotiators. And we hope that, as Secretary Kerry said, that they will seize this moment of history after more than a decade of grappling with this issue and give the international community the assurances that the community is looking for.

MODERATOR: Great. Thanks, Michael. I think we have time for a few more. The next question is from David Sanger of The New York Times.

QUESTION: Thanks very much for doing this. Can we just go back to Laura's question on the power reactors? It's never been entirely clear to me whether the Iranian position here is that they simply have a right to enrich or whether what they're telling you is they need a right to enrich that embraces producing all of the fuel they may need in the future for any future energy needs, and whether or not that, in fact, is their predicate, and what answer you folks have to them for that.

SENIOR ADMINISTRATION OFFICIAL: David, I know you're going to be shocked when I tell you you should ask the Iranians. I'm not going to speak for them.

QUESTION: Then [Senior Administration Official], maybe you can answer the second part of the question, which is: How do you answer the argument about whether or not they have a need to produce all the fuel necessary for their own reactors? What's the U.S. position on that?

SENIOR ADMINISTRATION OFFICIAL: Well, I – the reality is, as I said, that we have said that their enrichment program, if they had one – our preference has always been zero, that we don't think they need a domestic program. They already have sufficient supplies for their Tehran research reactor. The Russians supply the fuel and have done so constantly for Bushehr. So from our perspective, what is the specific need?

And so therefore, if in fact there is a potential need, let's discuss what that is. It has to be very limited – a fraction of what they currently have – and that is a discussion that we are willing to have.

QUESTION: When you say a fraction of what they currently have, you mean a fraction of what they are currently producing with the 10,000 centrifuges – 9- or 10,000 centrifuges that are active in Natanz?

SENIOR ADMINISTRATION OFFICIAL: I'm not going to go into further details on what I've said.

MODERATOR: Thanks, David. Our next question's from Muna Shikaki of Al Arabiya.

QUESTION: Hi, thank you. My question is about extension. Have you guys had any conversations with the Iranians over what that would entail? Are there going to be additional sanction relief and additional Iranian moves, or would this just be an extension that wouldn't require that?

SENIOR ADMINISTRATION OFFICIAL: The Iranians have said that they are focused on the 20th, that they want to get an agreement by the 20th. Everyone – as have we, as has every one of the P5+1 partners. So everyone has said we are focused on the 20th. We are not focused on an extension.

Everyone has also said if we make a huge amount of progress but we need a few more days because it's in front of us, I think everybody understands that may be a reality. But it really is a drive to the 20th of July.

QUESTION: Thank you.

MODERATOR: Great, thanks. The next question's from Laurence Norman of The Wall Street Journal.

QUESTION: Hi there. Thanks for doing this. Just a couple of questions. First of all, I've asked before about your take on how realistic they're being. Can I ask that again? Is there any shift, any increase in the realism on the Iranian side this week compared to where we were before?

And secondly, is it correct to say that whilst you're saying there should be less enrichment, they are still saying that as part of this deal there should be more enrichment?

SENIOR ADMINISTRATION OFFICIAL: I'm not going to get into what they're saying and what we're saying, though I just did on the extension, I realize. But that's because we're all saying the same thing.

In terms of realism, I think we understand each other. I don't think it's an issue of us not understanding each other. We have had enough hours of conversation now where I think it is crystal clear. I think they know that what we have put on the table, the pathways to get to the point of assuring the international community their program's exclusively peaceful and that they cannot, will not acquire a nuclear weapon – I think that is all on the table and understood. We are now in the place of solutions, and whether they can make – seize this moment in history to take the decisions necessary to reach the objectives.

QUESTION: Thanks.

MODERATOR: Great. And I think we have time for two more. Let's go to your colleague Jay Solomon from The Wall Street Journal. Go ahead, Jay.

QUESTION: Hey, thanks. [Senior Administration Official], I'm just curious. Are the economics of Iran at all playing into your discussions? I.e., I know in the past they've said they weren't getting the money fast enough. On a recent trip into Tehran I was surprised at how the economic managers basically are saying without the lifting of sanctions, they won't be able to fund a recovery after Ahmadinejad's time. But I'm just curious, how do the economics fit into the discussion? Because Zarif makes differing comments; once he says they're really hurting, and others he said, "Oh, they've not had much impact and our nuclear program has actually expanded."

SENIOR ADMINISTRATION OFFICIAL: Well, what we had said previously – and I can say it again – is that we have worked very closely with our Congress, who has played a very critical role in this effort to take actions that respond to the lack of progress in Iran assuring the international community of the exclusively peaceful nature of its program. That sanctions regime – which is not just U.S. but European Union, many other countries around the world, and most importantly several

UN Security Council resolutions and the sanctions that come with it – and it was the UN Security Council resolutions that really led the way to sanctions that individual countries and the European Union have imposed on Iran – certainly have played a critical role in – I believe, at any rate – Iran coming to the negotiating table.

That said – and there's no doubt, and you've heard from my Treasury colleagues the impact this has had and continues to have on the Iranian economy. And indeed people thought – there were some people in the world who thought the Joint Plan of Action was going to undermine the sanctions regime. That has not occurred at all. In fact, the amount of relief that Iran has gotten is certainly no more than we had predicted and may even be less. So I think that the economics certainly play a role here. You'll have to talk to the Iranians about where they put that in the Rubik's Cube of this negotiation. But it certainly is a factor in everything that is going on. And quite frankly, our hope is that Iran will take this historic opportunity to say – to sign on to the reasonable proposals we have put on the table so that the people of Iran can have the economic prosperity that should be theirs.

MODERATOR: Great. Thanks, Jay. And I think our last question today is coming from George Jahn of the Associated Press.

QUESTION: Thank you for this. I'm calling in from the Third of July party. I can tell you you're missing a great event, first of all.

SENIOR ADMINISTRATION OFFICIAL: Are you serious? Are you kidding me?

QUESTION: Absolutely. Absolutely.

SENIOR ADMINISTRATION OFFICIAL: Can you bring me a beer and a hamburger? (Laughter.)

QUESTION: I'm on my fourth brownie, but we'll leave it at that.

Just a very brief question --

SENIOR ADMINISTRATION OFFICIAL: I'm not sure I'm going to answer your question. (Laughter.)

QUESTION: (Laughter.) Maybe I'm over-interpreting things. I heard [Senior Administration Official] speak of gaps a couple of times today, and I believe the operative phrase last time around were "significant gaps." Am I over-interpreting, or is there a nuance that's worth looking at?

SENIOR ADMINISTRATION OFFICIAL: No, I think you're over-interpreting. If – this is a negotiation. We know that some of the choices that Iran needs to make will be made probably as late as possible in this negotiation. We hope – we think we're about as late now, and it's time for them to in fact sign on to and choose some of the pathways – and some of the discussions we've had, some of this has been developed in a collaborative way. It's not about imposing things; it's about finding a resolution that meets the concerns of the international community.

So there are still significant gaps, this is still very tough. As I said, if it wasn't tough, it would've been solved a decade ago.

QUESTION: Thank you.

MODERATOR: Great, thanks everyone. As a reminder, this was all on background as a Senior Administration Official. Please keep us all honest here. And we'll stay in touch through our updates and let folks know what's happening and when we'll do more of these. So again, thanks for your flexibility and have a very happy Fourth of July, everyone, and a great weekend.

SENIOR ADMINISTRATION OFFICIAL: Thanks.

7. Hagel: U.S. to Secure Embassy, Assess Situation in Iraq (07-03-2014)

By Cheryl Pellerin
DoD News, Defense Media Activity

WASHINGTON, July 3, 2014 – U.S. military efforts in Iraq are focusing on securing the American Embassy and personnel in Baghdad, assessing the situation in the country and advising Iraqi security forces, Defense Secretary Chuck Hagel said today.

Hagel and Chairman of the Joint Chiefs of Staff Army Gen. Martin E. Dempsey briefed the Pentagon press corps, focusing on the U.S. mission and role in Iraq.

Both are important components of President Barack Obama's strategy in Iraq, the secretary said, which involves supporting Iraqi forces and helping Iraq's leaders resolve the political crisis that enabled the advance of the armed militant extremist group the Islamic State of Iraq and the Levant, or ISIL.

"By reinforcing security at the U.S. embassy [and] its support facilities at Baghdad International Airport, we're helping provide our diplomats time and space to work with Sunni, Kurd and Shia political leaders as they attempt to form a new inclusive national unity government," Hagel told reporters.

By better understanding conditions on the ground and the capabilities of Iraqi security forces, he added, "we'll be better able to help advise them as they combat ISIL forces inside their own country."

About 200 U.S. military advisers are on the ground in Iraq, said Hagel, noting that the United States, with Iraqi assistance, has established a joint operations center in Baghdad.

"We have personnel on the ground in Erbil where our second joint operations center has achieved initial operating capability ... [and] assessment teams are evaluating the capabilities and cohesiveness of Iraqi forces," the secretary said.

The six U.S. assessment teams are focusing on questions such as the strength and cohesion of the Iraqi security forces, the strength and locations of ISIL, how deeply embedded they are, how each component fits into the larger sectarian dynamic at play in the country, the process of forming a new government in the country, and other material issues, Hagel added.

"Both the chairman and I are getting some assessments back, early assessments, through [U.S. Central Command Commander Army Gen. Lloyd J. Austin III] who is overseeing all of this," the secretary said. "We won't have the full complement of all those assessments for a while but that is ongoing."

The teams in Iraq today have one mission and that is assessments, he added.

“I don't know what the assessments are going to come back and say or what they would recommend. We'll wait to see what that is and what Gen. Austin and Gen. Dempsey then recommend,” the secretary said.

“None of these troops are performing combat missions. None will perform combat missions,” Hagel said.

“The situation in Iraq ... is complex and fluid. But there's no exclusively military solution to the threats posed by ISIL,” he added. “Our approach is deliberate and flexible. It is designed to bolster our diplomatic efforts and support the Iraqi people. We will remain prepared to protect our people and our interests in Iraq.”

As most Americans enjoy the Fourth of July holiday weekend, service members around the world, especially in the Middle East, will stay postured and ready for any contingency in that region, the secretary told reporters.

“As we celebrate Independence Day tomorrow, I want to particularly express my gratitude to the men and women and their families who serve our nation at home and abroad, both civilian and in uniform,” Hagel said.

“I thank you all for what you do to keep our country safe every day,” he added.

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8. U.S. Official on Obama's Foreign Policy Priorities (07-02-2014)

U.S. Department of State, Foreign Press Center Briefing with Deputy National Security Advisor for Strategic Communications Ben Rhodes

Foreign policy update following the President's West Point speech Tuesday, July 1, 2014.

MR. RHODES: Great. Well, thanks, everybody. Always good to be back here at the Foreign Press Center. Glad we could time it before the big game this afternoon, which we'll all be watching. Actually, this originally showed up on my schedule at 4:30, and that was a problematic time for me. But I wanted to take this opportunity to go through a range of issues that are obviously taking place. I'll just highlight a couple at the outset and then take your questions.

First of all, our team is en route or about to be en route to Vienna for the next round of negotiations with the P5+1 in Iran with respect to the Iranian nuclear program. We have a July 20th deadline

associated with the Joint Plan of Action. To date, we have seen very good progress made in the implementation of the Joint Plan of Action with Iran meeting its commitments to, again, get rid of its stockpile of 20 percent enriched uranium, not install new advanced centrifuges, provide for additional transparency, not move forward with the progress of its Arak reactor.

So across the board, we've seen good compliance from Iran on its commitments with respect to its nuclear program. And in return we have provided the limited sanctions relief in the Joint Plan of Action.

At the same time, there have been negotiations towards a comprehensive agreement, which was the purpose of this Joint Plan of Action in a period of six months of negotiation. Those have been serious and substantive discussions. At the same time, however, we do have gaps that need to be closed. Our view here is that Iran now has a choice in the coming weeks. They should be able to demonstrate that their program is peaceful. The international community and the P5+1 has made clear that we will respect the right of Iran to have a peaceful nuclear energy program, provided that they can provide confidence and assurance that that program is peaceful; meet their international obligations; allow for the necessary transparency; accept the necessary limits on their nuclear program to provide that assurance.

Thus far, Iran has not taken the steps necessary in this negotiation to provide that assurance. In fact, they've been very optimistic in their public comments about reaching agreement, but we are going to need to see them take additional steps in the negotiations for there to be a comprehensive resolution. So we're hopeful that we can make progress in narrowing those gaps and pursuing that comprehensive resolution, but the Iranian side is going to have to take additional steps that it should be able to take, frankly, if in fact their nuclear program is peaceful. And that will be a key focus of ours in the coming weeks. President Obama has been following the progress of those negotiations closely. This has been a top priority for our Administration, and it will be a focus of ours in, again, the days to come.

I'd just say one additional thing on Iraq, which is that the United States very much welcomes the announcement that Saudi Arabia will be providing \$500 million in humanitarian assistance to Iraq. Given some of the tensions in recent years, I think this is a significant show of support from Saudi Arabia to the people of Iraq at a very difficult time. Secretary Kerry had very productive discussions with King Abdullah when he was in Saudi Arabia, and again, we see this as a positive step forward.

What we've said is all – that the neighbors in the region have a stake in addressing the crisis in Iraq and reducing the tensions inside of Iraq, and also meeting some of the urgent needs, including humanitarian needs of the people of Iraq. So I just wanted to be sure – to make clear that we in the White House very much welcomed that Saudi announcement today.

With that, I'd be happy to take questions. Yeah.

MODERATOR: Before you ask your questions, please wait for the microphone because we're transcribing, and our friends in New York need to hear this as well. And please identify yourself and your outlets when you ask a question. In New York, if you have questions, please step up to the podium, and we will see you just like we see you now. With that --

MR. RHODES: Great, let's start over here.

QUESTION: Thank you, Ben. Hisham Bourar, Al Hurra TV. What has changed in your assessment of the Syrian opposition to think, or to lead you to think, that with \$500 million you will be able to fight the ISIL while they couldn't withstand the Syrian regime? I mean, these are the same group that – President Obama himself called them a few days ago that they're a bunch of farmers and teachers and pharmacists.

MR. RHODES: Well, first of all, much has changed in our assessment of the opposition, not just today but over the course of the last several years. What President Obama was saying is at the outset of the Syrian protest against the Assad regime, many of the protesters were not trained fighters. They were ordinary citizens who were standing up and demanding their rights. So that was an assessment he was making – the comments he made the other day – that didn't apply to the opposition today. It applied to the opposition at the outset of this crisis.

As he indicated, over the course of the last two or three years, we have gotten to know the opposition much better, and we have steadily expanded the types of assistance that we provide for the opposition. That began with humanitarian assistance into Syria. That then led to the provision of nonlethal assistance. And then we announced a little over a year ago that we were going to begin to provide certain types of military assistance to the opposition, including the armed opposition.

So there's been an evolving assessment and relationship, frankly, that we've had with the opposition. And again, it was important for us to develop that relationship, in part so that we knew if we provided certain types of assistance, it would not fall into the wrong hands. Precisely because you have groups like ISIL operating in Syria, we did not want to deal with people that we did not know very well, because frankly the very presence of ISIL shows the risk that if you're introducing certain types of lethal assistance, that could fall into the wrong hands.

But we very much now have confidence in the people that we are dealing with in terms of the Syrian opposition. The 500 million provides for the funding that could expand the training and equipping of the opposition, but it would also provide new authorities, so that the Department of Defense could conduct this type of support to the opposition. So it would expand, again, both the types of support we provide and also the different authorities under which our government can provide that support.

I think it's important to note that we see strengthening the Syrian opposition as a goal that relates not just to ISIL but still to the Assad regime. So again, we believe it is important to say that there's a moderate opposition that we want to get behind. That's a counterweight to ISIL. But it's also very much a counterweight to the Assad regime, which has brutalized its own people. And frankly, we believe that the source of the terrorism threat in Syria is not simply ISIL. It's a regime that, through its own actions, has created a humanitarian crisis which has created space for extremists like ISIL.

If we had the type of political resolution that we've been seeking through the Geneva process in which Syrians could have faith in their own government, you would not have the type of ungoverned spaces that ISIL's taken advantage of. So these are still interconnected problems in which we're fighting against a terrorist threat, in which ISIL is at the forefront right now, in which we're supporting a moderate opposition to be a counterweight to that terrorism threat, but also very much we see the need for transition in Syria. Because until Bashar al-Assad leaves power, you're going to have areas of chaos and violence and instability in the country.

QUESTION: How does that new level of comfort (inaudible) --

MODERATOR: Sir, the microphone.

QUESTION: How does that new level of comfort with the opposition change your opposition to giving them MANPADS, for example?

MR. RHODES: Well, again, we tend not to get into the specifics of different weapon systems. It is the case, though, that our position hasn't changed with respect to that particular weapons system. We're constantly reevaluating and assessing what types of assistance can make a difference and balancing that against concerns about proliferation. So again, our position hasn't changed but it's something that we evaluate on a regular basis.

Yeah.

QUESTION: Hi. Chen Weihua, China Daily. Thank you. I have a question. The S&ED with China is coming in a week from now. So, I mean, the two countries have been engaged in sort of a more (inaudible) shouting game, probably, people feel in the past months or so. And the kind of Sunnylands spirit people feel is lost. Do you think, I mean, China-U.S. going to get back to the kind of a positive tone leading up to President Obama's trip to China in November? And also, do you think that there's going to be a cyber talk after this at the – at the S&ED, after this indictment of five PLA officers? Thank you.

MR. RHODES: So we are optimistic that we can make good progress at the S&ED in terms of practical cooperation between the United States and China. I think when you look back at Sunnylands and you look at the approach we've taken from the beginning of President Obama's administration, and you look at the new model of great power relations put forward by President Xi and President Obama in Sunnylands, it always allowed for the fact that we're going to have differences. I think the key point has been that the United States and China can have differences, articulate those differences publicly, but still find areas to cooperate. That if we have a difference in one area, it need not derail the entire bilateral relationship, because both of us have so much at stake in that bilateral relationship, and in fact, the world has a lot at stake in that bilateral relationship.

So for instance, we have had differences with China with respect to cyber issues, and the indictments speak to some of the concerns that we have. We've had differences over certain territorial disputes and maritime issues in the South China Sea, in the East China Sea.

At the same time, we continue to cooperate through the P5+1 on dealing with the Iranian nuclear program. We continue to have a very broad economic dialogue that has space for areas of agreement and cooperation and then occasional differences. So again, I think there's an ability for us to find common ground, develop areas of cooperation, even as we're going to be very – we're not going to be shy in articulating our differences. So as we look to the S&ED on economic issues, on climate change, on strategic issues, I think there's good space for dialogue. Part of that dialogue will be both sides, I think, articulating where there are differences.

Cyber – I do think the cyber dialogue will go forward. Again, it's better that we talk to one another about these issues, have a forum for sharing information, raising concerns, and working through those issues. And so the cyber dialogue that was set up out of the Sunnylands meeting, I think, is an important forum. The S&ED is the right venue for that dialogue to take place. And again, just because we've made clear that we're going to insist that rules and laws are abided by doesn't mean that we're not going to explore areas of bridging gaps with China through the dialogue at the S&ED.

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